

State of California
Business, Transportation & Housing Agency
Department of Transportation

POLICY MATTERS
AB 1012 Loan Program
Information Item

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CTC Meeting: June 13, 2002

Agenda Item: 4.3

Original Signed By

ROBERT L. GARCIA
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June 3, 2002

SIX-MONTH ESTIMATE OF LOAN CAPACITY UNDER AB 1012
RESOLUTION G-02- , AMENDING G-01-35

BACKGROUND

AB 1012 (Chapter 783, Statutes of 1999) established a program to loan unallocated funds from the State Highway Account (SHA) to transportation planning agencies, county transportation commissions, transit districts, city and county governments, and local transportation authorities. These loans are to be made available for the advancement of projects eligible under the State Transportation Improvement Program (STIP) and that are included within an adopted Regional Transportation Plan (RTP). Loans are limited with a maximum of \$500 million to be outstanding at any one time, with a maximum loan of \$100 million per county. Loans are to be repaid within four years.

AB 1012 requires that twice a year, on January 15 and July 15, the California Transportation Commission (Commission) adopt projections of funding availability and the period of time during which the funds will be available. The Department of Transportation (Department) presented funding availability to the Commission at the December 2001 meeting. The Commission adopted Resolution G-01-35 providing \$100 million over four-years as the amount available for loans during this period. As of June 13, 2002, no loan applications have been received and no loans have been made. Department staff has expanded informational outreach efforts to the counties regarding this program.

DISCUSSION

The available cash balance in the SHA is \$1,040 million against which \$2.0 billion is committed (as of March 31, 2002). Given the current economic condition and the projected ending cash balance of \$81 million for June 2003, the Department recommends that no loans be considered.

However, upon receiving a loan request and accessing the impact to the cash balance at that time, the Department will present the loans to the Commission for their consideration during the loan approval process.

RECOMMENDATION

The Department recommends the California Transportation Commission adopt the loan strategy as presented above.

CALIFORNIA TRANSPORTATION COMMISSION
State Highway Account Loan Program
Estimated Loan Capacity under AB1012

Resolution G-02-XX, Amending Resolution G-01-35

- 1.1 WHEREAS, Section 14529.6 of the Government Code (GC) was added by Chapter 783 of the Statutes of 1999 (AB 1012, Torlakson), hereinafter referred to as “the act”, and
- 1.2 WHEREAS, GC Section 14529.6 establishes a loan program to advance unallocated funds from the State Highway Account for the advancement of projects eligible under the State Transportation Improvement Program (STIP) that are included within an adopted regional transportation plan, and
- 1.3 WHEREAS, the California Transportation Commission (Commission) is required by the act to adopt, in January and July of each year, a projection of funds that may be available to be loaned and the period of time during which funds will be available, and
- 1.4 WHEREAS, the act directs Caltrans to report to the Commission, prior to adoption of a projection, the cash-flow needs for the STIP for the following six months, and
- 1.5 WHEREAS, at the June 2002 Commission meeting, Caltrans presented the potential loan strategy of no loans, and
- 1.6 WHEREAS, the Department cannot make any loans without jeopardizing funding of the Department’s daily operations.
- 2.1 NOW THEREFORE BE IT RESOLVED that the California Transportation Commission does hereby adopt the strategy of no loans, and
- 2.2 BE IT FUTURE RESOLVED that the Department will present all loan applications, to the Commission for their consideration during the loan approval process, at such time as applications are received.